

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 2359-01
BILL NO.: HB 1871
SUBJECT: Division of Aging to Reduce Fees Under Certain Circumstances
TYPE: Original
DATE: February 18, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$28,425)	(\$28,425)	(\$28,425)
Nursing Facility Quality Care	(\$51,500)	(\$51,500)	(\$51,500)
Total Estimated Net Effect on <u>All</u> State Funds	(\$79,925)	(\$79,925)	(\$79,925)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services - Division of Aging (DA)** stated biennial licensure fees are set on a graduated scale based on the resident capacity of the facility ranging from \$100 (3-24 resident capacity), \$300 (25-100 resident capacity), and \$600 (over 100 resident capacity). In addition, there is a \$1,000 certification fee paid annually by facilities participating in the Medicaid/Medicare programs.

Based on historical information, the DA estimates the total state licensure fees may be reduced on average by \$56,850 over a two year licensure period. This was calculated by taking 103 Skilled Nursing Facilities plus 276 residential care facilities multiplied by the average fee of \$150. This equates to \$28,425 annually and is a loss to the General Revenue Fund. Also, certification fees may be reduced annually by \$51,500. This was calculated by taking 103 SNF multiplied by \$500 { $\$1,000 \times 50\%$ }. This is a loss to the Nursing Facility Quality Care Fund.

The DA assumed the intent of this proposal was to reduce by 50% the amount of the two-year license fee based on the fee being equally divided between the two years of the license and that the year would be based on the license year rather than the calendar year. Additionally, the DA assumed the reduction would be effective with submission of the next license fee looking back over the past two years activity. Certification fees would be evaluated annually. For example, XYZ facility is licensed for the period 2-1-2000 through 1-31-2002. During the period 2-1-2000 through 1-31-2002, the facility has no deficiencies during one of the two licensure inspections and no deficiencies during the annual certification survey. During the period 2-1-2000 through 1-31-2002, the facility had deficiencies noted during one of the licensure inspections. When submitting their certification fee for 2000 to 2002, the fee would be \$500 and their certification fee for 2001-2002 would be \$1,000. The facility's two year license fee for the period 2000-2002 on a one hundred bed facility would be reduced by \$75 and would therefore be \$225 for the two year period. The DA assumed the proposal did not consider deficiencies that could be issued to a facility as a result of a complaint investigation resulting in forfeiture of the facility's right to a fee reduction.

The fiscal impact on the DA would be the loss of revenue to support ongoing operational costs as a result of the reduction in the fees. In part, the fees were originally put into place to allow the DA to reposition staff to a higher pay range comparable to staff in other state departments and the private sector. Dependent on the total reduction in fees, the DA may need to reduce the existing number of full-time equivalent survey and inspection staff or other existing expenses.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
GENERAL REVENUE FUND			
<u>Loss - Department of Social Services - Division of Aging</u>			
Reduced Fees Collected	<u>(\$28,425)</u>	<u>(\$28,425)</u>	<u>(\$28,425)</u>
ESTIMATED EFFECT ON GENERAL REVENUE FUND	<u>(\$28,425)</u>	<u>(\$28,425)</u>	<u>(\$28,425)</u>
NURSING FACILITY QUALITY CARE FUND			
<u>Loss - Department of Social Services - Division of Aging</u>			
Reduced Fees Collected	<u>(\$51,500)</u>	<u>(\$51,500)</u>	<u>(\$51,500)</u>
ESTIMATED EFFECT ON NURSING FACILITY QUALITY CARE FUND	<u>(\$51,500)</u>	<u>(\$51,500)</u>	<u>(\$51,500)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

Small businesses operating as care facilities would realize savings in the amount of fees paid to the Division of Aging. The amount of savings is equal to the amount of loss in state funds noted above.

DESCRIPTION

Under this proposal, following every facility inspection throughout the calendar year, the Division of Aging is required to reduce by 50% the amount of the license fee for any nursing home found to be in compliance with nursing home statutory requirements and the division's standards related to these requirements.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Social Services

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "e" at the end.

Jeanne Jarrett, CPA
Director
February 18, 2000